

Message Text

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PAGE 01 STATE 201639
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FM SECSTATE WASHDC
TO AMEMBASSY ROME IMMEDIATE

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E.O. 11652: N/A

TAGS: EAIR, IT

SUBJECT: GOI THREAT TO PAN AM FLIGHTS BEYOND ROME

REF: ROME 14379

1. FOLLOWING AIDE MEMOIRE HANDED TO ITALIAN AMBASSADOR
AUGUST 9 BY ACTING ASST SECY HORMATS:

QUOTE. RECENT EVENTS IN ROME CONCERNING ITALIAN GOVERNMENT
INTERFERENCE WITH THE COMMERCIAL OPERATIONS OF PAN AMERICAN
WORLD AIRWAYS ARE OF SERIOUS CONCERN TO THE UNITED STATES
GOVERNMENT. IN A RE-ENT NOTE, THE ITALIAN MINISTRY OF
FOREIGN AFFAIRS STATED THAT PAN AMERICAN WORLD AIRWAYS MAY
NOT CARRY MORE THAN 180 PASSENGERS ON FLIGHTS TO AND FROM
POINTS BEYOND ROME. ON AT LEAST THREE SEPARATE OCCASIONS
IN THE PAST FORTNIGHT, DEPARTURES OF PAN AMERICAN WORLD
AIRWAYS' FLIGHTS HAVE BEEN DELAYED, PASSENGERS INCONVEN-
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PAGE 02 STATE 201639

IENCED AND NORMAL AIRLINE OPERATIONS DISRUPTED. ONLY
EXTRAORDINARY INTERVENTION BY THE UNITED STATES EMBASSY IN
ROME ALLOWED THESE FLIGHTS TO TAKE OFF. PAN AMERICAN WORLD
AIRWAYS HAS NOW BEEN WARNED, HOWEVER, THAT FLIGHTS TO
POINTS BEYOND ROME CARRYING MORE THAN 180 PASSENGERS WILL
NOT BE CLEARED FOR TAKEOFF AFTER AUGUST 15.

THE RELEVANT INTERGOVERNMENTAL AGREEMENTS ARE THE UNITED STATES-ITALY AIR TRANSPORT AGREEMENT OF JUNE 22, 1970, AND THE RELATED MEMORANDUM OF UNDERSTANDING OF MAY 21, 1970. THE MEMORANDUM OF UNDERSTANDING STATES THAT IF, AFTER AN EX POST FACTO REVIEW, BOTH PARTIES STILL DISAGREE ON THE APPROPRIATENESS OF A LEVEL OF CAPACITY OBJECTED TO EARLIER BY ONE OF THE PARTIES, THEN "THE CAPACITY OF THE AIRLINES FOR THE FOLLOWING CORRESPONDING SEASON SHOULD BE ESTABLISHED... (2) IN THE CASE OF DISAGREEMENT, AT THE SAME LEVEL WHICH PREVAILED DURING THE SEASON UNDER REVIEW." PAN AMERICAN'S CAPACITY BEYOND ROME DURING THE 1977 SUMMER SEASON WAS THE SUBJECT OF CONSULTATIONS AT WHICH NO AGREEMENT COULD BE REACHED. THE AIRLINE'S SERVICES BEYOND ROME ARE THUS SUBJECT TO A CAPACITY FREEZE DURING THE SUMMER 1978 SEASON.

THE UNITED STATES GOVERNMENT BELIEVES THAT IT IS COMPLYING FULLY WITH THE LETTER AND SPIRIT OF THE 1970 AGREEMENTS. PAN AMERICAN IS OPERATING A DAILY 747 WIDE-BODIED SERVICE BEYOND ROME, WHICH IS AT THE SAME LEVEL AS PLANNED FOR THE 1977 SUMMER SEASON. HOWEVER, IN VIEW OF THE FACT THAT, FOR REASONS BEYOND ITS CONTROL, PAN AMERICAN ACTUALLY UTILIZED THE SMALLER CAPACITY 707 AIRCRAFT LAST SUMMER BEYOND ROME, THE UNITED STATES AGREED IN APRIL, IN A SPIRIT OF COMPROMISE, THAT THE AIRLINE'S "USABLE" CAPACITY THIS SUMMER WOULD BE LIMITED TO THAT OF A 707 AIRCRAFT. THE LIMITED OFFICIAL USE

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PAGE 03 STATE 201639

UNITED STATES GOVERNMENT ASSUMED THAT THIS REASONABLE COMPROMISE WAS ACCEPTABLE TO THE ITALIAN AUTHORITIES, AND ON THIS BASIS THE US AIRLINE PROCEEDED TO CONDUCT ITS COMMERCIAL AFFAIRS.

THE ITALIAN AUTHORITIES ARE NOW SEEKING TO IMPOSE ADDITIONAL RESTRAINTS ON THE US AIRLINE, NAMELY, APPLYING THE CAPACITY LIMITATION ON A FLIGHT-BY-FLIGHT BASIS AND DEFINING "USABLE" CAPACITY TO INCLUDE SEATS FOR STRICTLY TRANSIT PASSENGERS. IN THE US VIEW, THESE ADDITIONAL RESTRAINTS ARE UNREASONABLE AND CONTRARY TO THE 1970 AGREEMENTS. THEY ARE UNREASONABLE BECAUSE THE UNITED STATES HAS ALREADY TAKEN MORE THAN ADEQUATE STEPS TO COMPLY WITH THE CAPACITY FREEZE, AND THEY ARE CONTRARY TO THE 1970 AGREEMENT WHICH EXPLICITLY PROHIBITS EITHER PARTY FROM TAKING UNILATERAL ACTION TO RESTRICT CAPACITY (ARTICLE 9(E)). MOREOVER, PAN AMERICAN WORLD AIRWAYS HAS IN GOOD FAITH ENGAGED TO PROVIDE AIR TRANSPORTATION TO PASSENGERS ON THAT AIRLINE'S NETWORK TO AND FROM POINTS BEYOND ROME. IT IS OUR UNDERSTANDING THAT AT THIS STAGE, DURING THE HEIGHT OF THE TRAVEL SEASON, ALTERNATIVE SERVICES ARE NOT READILY AVAILABLE. INTERFERENCE WITH PAN AMERICAN'S FLIGHTS, AS

APPARENTLY CONTEMPLATED AFTER AUGUST 15, WILL SERIOUSLY

DISRUPT THE AIRLINE'S SCHEDULES AND INCONVENIENCE THE TRAVELING PUBLIC SEVERELY TO NO GOOD PURPOSE.

THE DEPARTMENT OF STATE ALSO WISHES TO DRAW TO THE ATTENTION OF THE ITALIAN GOVERNMENT THAT US-ITALY AVIATION NEGOTIATIONS ARE SCHEDULED TO BE HELD IN OCTOBER IN ROME. THE APPROPRIATE MEANS OF ADDRESSING THE BROADER ISSUES INVOLVED IN THE PRESENT DISPUTE IS IN SUCH NEGOTIATIONS, NOT BY MEANS OF UNILATERAL ACTIONS TO ENFORCE ONE SIDE'S POINT OF VIEW. THE ITALIAN GOVERNMENT WILL APPRECIATE THAT THIS LATEST THREATENED ACTION, COMING ON TOP OF THE LONGSTANDING ITALIAN REFUSAL IN CONTRAVENTION OF THE LIMITED OFFICIAL USE

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PAGE 04 STATE 201639

AGREEMENT TO PERMIT USE OF 747 FREIGHTER AIRCRAFT, CHANGE OF GAUGE OUTSIDE ITALY, AND ONE-WAY CARGO FLIGHTS CANNOT BODE WELL FOR THE FUTURE OF US-ITALY AIR TRANSPORT RELATIONS OR FOR THE WILLINGNESS OF THE US AUTHORITIES TO CONTINUE TO CONDONE THESE ACTIONS WITHOUT TAKING COUNTER-MEASURES TO PROTECT US INTERESTS.

THE UNITED STATES GOVERNMENT VIEWS THE THREATENED UNILATERAL ITALIAN ACTIONS WITH DEEP CONCERN AND THEREFORE REQUESTS THAT, IN A SPIRIT OF REASON AND FAIRNESS, THE GOVERNMENT OF ITALY CEASE THE HARASSMENT BY ITS CIVIL AVIATION AUTHORITIES OF THE UNITED STATES AIRLINE'S OPERATIONS. UNQUOTE.

2. AMBASSADOR COMMENTED THAT ITALIAN ACTIONS MAY STEM FROM PERCEPTION IN ITALY THAT EXISTING AGREEMENT IS IMBALANCED IN US FAVOR, IN PART BECAUSE OF US BEYOND RIGHTS, AND THAT NEGOTIATIONS TO CORRECT THIS IMBALANCE ARE PROCEEDING INTERMINABLY. HE RESERVED REPLYING TO DEMARCHE HOWEVER UNTIL HE RECEIVED INSTRUCTIONS FROM ROME.

3. SUGGEST EMBASSY FOLLOW UP WITH ITALIAN AUTHORITIES IN SUCH MANNER AS IT DEEMS BEST. CHRISTOPHER

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